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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/071,768	02/07/2002	Edmund Ming Kwan	PA2354US	1636

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EXAMINER

BORISOV, IGOR N

ART UNIT PAPER NUMBER

3629

DATE MAILED: 03/08/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

10/071,768

Applicant(s)

KWAN, EDMUND MING

Examiner

Igor Borissov

Art Unit

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 03 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 28 January 2005.
2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 38-42, 44-46, 48-51, 56-60, 62-69, 71-75 and 78-96 is/are pending in the application.
4a) Of the above claim(s) _____ is/are withdrawn from consideration.
5) ☐ Claim(s) _____ is/are allowed.
6) ☒ Claim(s) 38-42, 44-46, 48-51, 56-60, 62-69, 71-75 and 78-96 is/are rejected.
7) ☒ Claim(s) 92-97 is/are objected to.
8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION***Continued Examination Under 37 CFR 1.114***

A request for continued examination under 37 CFR 1.114 was filed in this application after appeal to the Board of Patent Appeals and Interferences, but prior to a decision on the appeal. Since this application is eligible for continued examination under 37 CFR 1.114 and the fee set forth in 37 CFR 1.17(e) has been timely paid, the appeal has been withdrawn pursuant to 37 CFR 1.114 and prosecution in this application has been reopened pursuant to 37 CFR 1.114. Applicant's submission filed on 1/28/2005 has been entered.

Claim Objections

Claims 92-97 are objected to because the numbering of claims is not in accordance with 37 CFR 1.126 which requires the original numbering of the claims to be preserved throughout the prosecution. When claims are canceled, the remaining claims must not be renumbered. When new claims are presented, they must be numbered consecutively beginning with the number next following the highest numbered claims previously presented (whether entered or not).

Misnumbered claims 92-97 have been renumbered as 91-96.

Appropriate correction is required.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 59-60, 62-69, 71-75 and 78-89 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claim 59 is confusing, because a preamble does not match the body of the claim. The preamble recites a system, while the body of the claim recites software elements.

Claims 40-41 and 62-63 are confusing, because it is not clear how exactly the *enabling* sub-step in the step off: "*enabling the client to decide whether one or more of the partners in the collaboration community are capable of electing to become subscribers*" is conducted. Furthermore, it is not clear how *enabling* sub-step is connected to *capability of electing* sub-step. Specifically, it is not clear what method steps have to be fulfilled in order to provide functionality recited in the claims.

The remaining claims are rejected as being dependent on claim 59.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 38-42, 44-46, 48-51, 56-60, 62-69, 71-75 and 78-96 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The claimed invention is not within the technological arts.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. In re Toma at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the present application, the claims are completely silent with regard to technology and are purely an abstract idea or process steps that are employed completely without the use of any technology whatsoever. The claims are no more than a suggested idea of making a decision of how much to charge a client for a subscription based on various factors.

The claims are completely devoid of any means to carry out a process implementing the idea of *identifying ... a portion of the collaboration community; identifying each partner in the collaboration community that is to become a subscriber; determining a value based on a predetermined function, wherein the value indicates a modification to the host subscription fee for the client; using the value to determine a subscription fee for each subscriber; calculating a balance of the client's host subscription fee ... based at least in part on the value; and communicating the balance to the client for payment over a network*. The method step: *communicating the balance to the client for payment over a network* may be understood as merely notifying the client about changes in his account via the phone or the Internet. However, the claimed invention must utilize technology in a non-trivial manner (*Ex parte Bowman*, 61 USPQ2d 1665, 1671 (Bd. Pat. App. & Inter. 2001)). Although *Bowman* is not precedential, it has been cited for its analysis.

Furthermore, the examiner submits that there are absolutely no limitations included in this claim that would suggest a computer or data processing device is being used to carry out the processes.

Moreover, in accordance with MPEP 2106 (IV)(B)(2)(b) "Statutory Process Claims", not all processes are statutory under 35 U.S.C. 101. *Schrader*, 22 F.3d at 296, 30 USPQ2d at 1460. To be statutory, a claimed computer related process must either: (A) result in a physical transformation outside the computer for which a practical application in the technological arts is either disclosed in the specification or would have been known to a skilled artisan, or (B) be limited to a practical application within the technological arts. See *Diamond v. Diehr*, 450 U.S. at 183-184, 209 USPQ at 6 (quoting *Cochrane v. Deener*, 94 U.S. 780, 787-788 (1877)). The claims in the present application do not appear to satisfy either of the two conditions listed above. First, the claims do not include limitations that would suggest a computer is being used to transform the data from one form to another that would place the invention in the technological arts. Second, disregarding the fact that there is no computer claimed that

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would physically transform the data, there does not appear to be any physical transformation of data. The claims merely determine unrelated participants of the collaboration community; and a subscription fee based on the predetermined value. Said value appears to be an arbitrary abstract thing and not a discrete value resulting from a calculation of certain parameters by a computer or processor. Thus, there neither appears to be any physical transformation of data from one form to another which is based upon an algorithm or a calculation by a computer or processor, nor is there any technology claimed that would be used to transform the data.

As to technological arts recited in the preamble, mere recitation in the preamble (i.e., intended or field of use) a computer, or mere implication of employing a machine or article of manufacture to perform some or all of the recited steps does not confer statutory subject matter to an otherwise abstract idea unless there is positive recitation in the claim as a whole to breathe life and meaning into the preamble.

As to "wherein" clause, it merely states the intended use of the invention, and adds nothing to the patentability of the claim. Mere intended or nominal use of a component, albeit within the technological arts, does not confer statutory subject matter to an otherwise abstract idea if the component does not apply, involve, use, or advance the underlying process.

Regarding the "system" claims, the claims simply recite software elements, and do not indicate a provision of any structural elements.

Because the independently claimed invention is directed to an abstract idea which does not recite a limitation in the technological arts, those claims are not permitted under 35 USC 101 as being related to non-statutory subject matter. However, in order to consider those claims in light of the prior art, examiner will assume that those claims recite statutorily permitted subject matter.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 38-42, 44-46, 48-51, 56-60, 62-69, 71-75 and 78-96 are rejected under 35 U.S.C. 103(a) as being unpatentable over Shorter (US 2002/0198782).

Shorter teaches a method and system for long-term customer retention by applying an incentive on a monthly, on-going basis, comprising:

Independent Claims.

Claims 38, 59, 90, 91 and 94. Generating by a user (client) a list of referred subscribers (partners) [0054]; generating a value by applying a predetermined function to a referred subscribers subscription fee [0035] - [0038]; [0045]; modifying client's host subscription fee based upon results of said generated value [0035] - [0038]; and utilizing a network for communicating a balance of said client's host subscription fee to the user [0030]; [0047].

Shorter does not specifically teach that *a user is a client, and a subscriber is a partner*.

However, the Specification does not provide any indication of the advantages of said terminology over teachings of the prior art. Without such indication, the terms *a client* and *a partner* would be obvious variation of terms *a user* and *a subscriber*, and method steps, disclosed in Shorter would be performed the same regardless of the terminology used in respect to *users* and *subscribers*.

Furthermore, information as to *is a user a client or not, and is a referred subscriber a partner or not*, is non-functional language and given no patentable weight. Non-functional descriptive material cannot render non-obvious an invention that would otherwise have been obvious. See: *In re Gulack* 703 F.2d 1381, 1385, 217 USPQ 401,

404 (Fed. Cir. 1983) *In re Dembiczak* 175 F.3d 994, 1000, 50 USPQ2d 1614, 1618 (Fed. Cir. 1999). The specific example of non-functional descriptive material is provided in MPEP 2106, Section VI: (example 3) a process that differs from the prior art only with respect to non-functional descriptive material that cannot alter how the process steps are to be performed. The method steps, disclosed in Shorter would be performed the same regardless is the user a client or not, and is the referred subscriber a partner or not.

Dependent Claims.

Claims 39 and 60. Said method and system, wherein said subscription is offered to a client as an option [0030].

Claims 40-41, 44-45, 62-63 and 64-65. Said method and system, wherein the user selects candidates to become subscribers among friends and family members [0034]. Information as to *flexibility to decide*, is non-functional language and given no patentable weight. Non-functional descriptive material cannot render non-obvious an invention that would otherwise have been obvious. See: *In re Gulack* 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983) *In re Dembiczak* 175 F.3d 994, 1000, 50 USPQ2d 1614, 1618 (Fed. Cir. 1999).

Claims 42 and 69. Said method and system, wherein subscribers have different subscription plans [0045]. Information as to *each subscriber is one of two or more types of subscribers* is non-functional language and given no patentable weight. Non-functional descriptive material cannot render non-obvious an invention that would otherwise have been obvious. See: *In re Gulack* 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983) *In re Dembiczak* 175 F.3d 994, 1000, 50 USPQ2d 1614, 1618 (Fed. Cir. 1999).

Claim 46. See claim 38.

Claims 48 and 78. See claim 38.

Claims 49 and 88. Said method and system, wherein each subscriber can correct the subscription data [0054]; thereby obviously indicating providing a record of said corrections.

Claims 50-51 and 80. See claim 38.

Claims 56-57 and 86-87. Requiring the payment of an annual membership fee for a subscription obviously indicates enabling to restrict rights of usage for non-payment said fee [0014].

Claims 58 and 89. See claim 38.

Claim 66. Providing a record of active and non-active users accounts [0040] obviously indicates *tracking* feature.

Claim 67. Said system, configured to track subscribers activity [0031]; [0037].

Claim 68. Said method and system, wherein the system is configured to receive a subscriber's credit card information [0047].

Claims 71-73. Electing a requirement of generating a larger number of referral subscribers obviously indicates generating invitations to all invitees [0044].

Claims 74-75 and 79. Said method and system, wherein the system is configured to update a user's host subscription fee [0047].

Claims 81 and 84. Providing various subscription plans obviously indicates providing various privileges to different users.

Claim 82. See claim 38.

Claim 83. See claim 38. Information as to a *hosted enterprise solution* is a *document workflow enterprise collaboration software solution* is non-functional language and given no patentable weight. Non-functional descriptive material cannot render non-obvious an invention that would otherwise have been obvious. See: *In re Gulack* 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983) *In re Dembiczak* 175 F.3d 994, 1000, 50 USPQ2d 1614, 1618 (Fed. Cir. 1999).

Claim 85. See claim 38.

Claim 92 and 95. Generating a list of referred subscribers [0054].

Claim 93 and 96. Providing a payment and non-payment subscriptions to subscribers [0014].

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Conclusion

Any inquiry concerning this communication should be directed to Igor Borissov at telephone number (703) 305-4649 before April 13, 2005, and (571) 272-6801 after that date.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Receptionist before April 13, 2005, whose telephone number is (703) 872-9306.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's Supervisor, John Weiss, can be reached at (703) 308-2702 before April 13, 2005, and (571) 272-6812 after that date.

Any response to this action should be mailed to:

Commissioner of Patents and Trademarks

Washington D.C. 20231

or faxed to:

(703) 872-9306 [Official communications; including After Final
communications labeled "Box AF"]

Hand delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive, Arlington, VA, 7th floor receptionist.

Igor Borissov
Patent Examiner
Art Unit 3629



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